

Delaware has the strongest state economy in the region. With lower than average unemployment, a fair and equitable tax system, and a well-trained workforce, the state's economic climate has shown dramatic improvement since the early 1980's, partially in response to stable fiscal policies, careful debt management, conservative spending programs, and personal income tax reductions. The Delaware Economic Development Office was created in 1981 with a mission to be responsible for attracting new investors and businesses to the State, promoting the expansion of existing industry, assisting small and minority-owned businesses, promoting and developing tourism and creating new and improved employment opportunities for all citizens of the State. This section describes Delaware's strides towards continuous economic improvement.

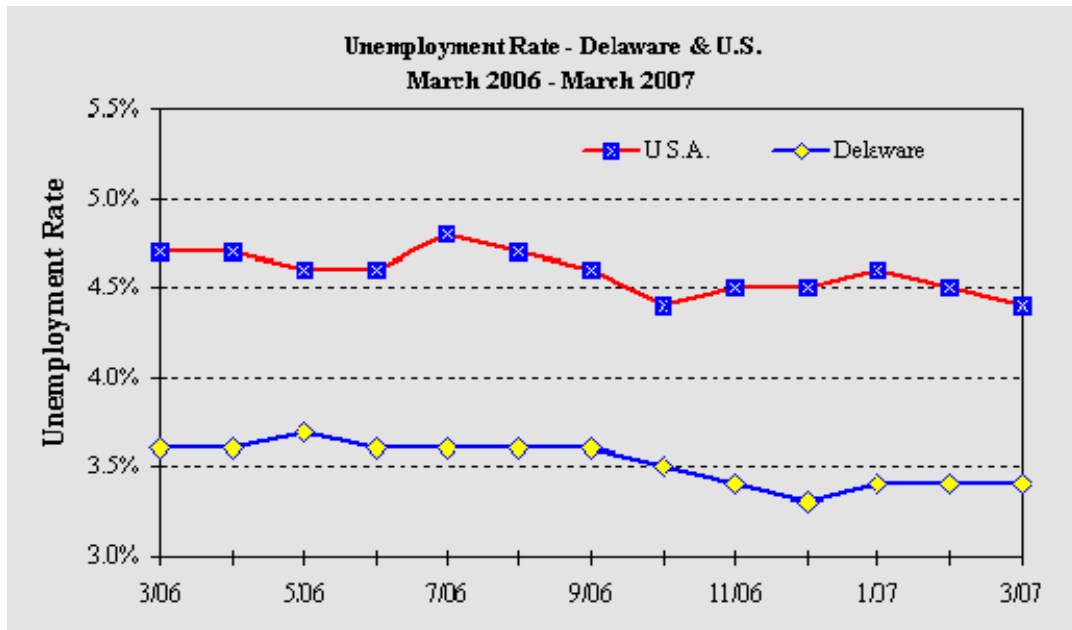
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DELAWARE'S ECONOMY:

Delaware remains an above average performer in comparison to the national economy. Delaware's economy continues to have increasing levels of job growth.

Delaware's unemployment rate as of March 2007 was 3.4% which continued to be lower than the United States, which was a rate of 4.4 percent.



Source: Delaware Department of Labor

COMPARATIVE ANNUAL UNEMPLOYMENT RATES

	March 2006 Unemployment Rate	National Ranking
Delaware	3.6%	15th
Maryland	3.4%	11th
New Jersey	4.5%	25th
Pennsylvania	4.5%	25th
United States	4.7%	--

Source: Delaware Department of Labor

DELAWARE'S MAJOR EMPLOYERS INCLUDE:

2006 Rank	2005 Rank	Company Name	Type of Business	2006 Delaware Employment
1	1	State of Delaware ¹	Government	13500
2	33	Bank of America ²	Banking	11700
3	3	DuPont	Chemicals	8200
4	4	Christiana Care Health System	Health care	7700
5	5	Dover Air Force Base ³	Military transport	7600
6	6	JPMorgan Chase & Co. ⁴	Financial services	5700
7	7	AstraZeneca	Pharmaceuticals	5000
8	8	University of Delaware	Education	3850
9	10	Mountaire Corp.	Poultry processing	3800
10	9	Wal-Mart Stores	Retail	3800
11	13	U.S. government	Government	2940
12	12	Alfred I duPont Hospital for Children ⁵	Health care	3000
13	14	Bayhealth Medical Center	Health care	2800
14	11	Perdue Farms Inc.	Poultry processing	2700
15	25	Delaware National Guard	Military	2500
16	16	DaimlerChrysler AG	Automotive	2400
17	15	Christina School District	Education	2300
18	17	Wilmington Trust Corp.	Banking	2158
19	24	Happy Harry's Inc.	Pharmacy	2139
20	18	Sears Holding Corp.	Retail	1970
21	19	Red Clay Consolidated School District	Education	1860
22	29	Acme Markets/Albertson's ⁶	Groceries	1847
23	20	PNC Financial Services Group ⁷	Financial services	1800
24	22	New Castle County	Government	1700
24	21	Citigroup	Financial services	1700
26	23	Beebe Medical	Health care	1602
27	27	Colonial School District	Education	1500

Delaware - Economic Overview

28	26	Delmarva Power/Pepco Holdings Inc.	Utility	1438
29	30	Allens Inc.	Poultry processing	1400
29	27	Brandywine School District	Education	1400
31	30	American International Group	Insurance	1382
32	33	Amtrak Inc.	Transportation	1295
33	41	St. Francis Healthcare Services	Health care	1275
34	36	Discover Financial/Morgan Stanley & Co.	Financial services	1270
35	35	City of Wilmington	Government	1200
35	36	Comcast Corp.	Telecommunications	1200
35	36	HSBC Holdings	Banking	1200
38	41	General Motors Corp.	Automotive	1170
39	39	Delaware Park Race Track	Racetrack/casino	1161
40	40	Computer Sciences Corp.	Technology	1116
41	44	Home Depot Inc.	Retail	1100
41	32	DadeBehring Inc.	Diagnostic equipment	1100
43	43	Indian River School District	Education	1085
44	49	Nanticoke Health Services ⁸	Health care	1000
44	48	Verizon Communications	Telecommunications	1000
44	45	Invista/Koch Industries Inc. ⁹	Textiles manufacturing	1000
47	46	Delaware Technical & Community College	Education	953
48	n/a	Wawa Inc.	Convenience stores	927
49	50	Dover Downs Gaming & Entertainment Inc.	Racetrack/casino	829
50	47	Agilent Technologies Inc.	Diagnostic equipment	800

Notes: Employee numbers are full-time equivalents as of January. Some are estimates. 1. Includes state and capitol police. 2. Bank of America purchased Fleet-Boston Financial Corp. in April 2004 and MBNA Corp. on Jan. 1 to become Delaware's largest private employer. 3. Includes military and civilian employees. 4. JPMorgan Chase purchased Bank One in July 2004. 5. Includes Nemours Children's Clinics in Wilmington, Pennsylvania, New Jersey and Florida. 6. Albertson's agreed to sell Acme stores to Supervalu. The purchase is expected to be completed by August. 7. Includes mutual fund unit PFFC Inc. which employs 950 in Delaware. 8. Includes Mid-Sussex Medical Centers, Nanticoke Occupational Health, LifeCare at Lofland Park and Cancer Care Center. 9. Invista is the former textiles unit of DuPont and was purchased by Koch Industries in 2004.

Source: [The News Journal](#); April 30, 2006

STRONG STATE GOVERNMENT FINANCIAL POSITION:

Delaware, in maintaining its fiscal stability, continues to have superior bond ratings. The following illustrates the progress that Delaware has made as well as our continuing commitment toward economic health and improved financial stability:

- Adoption of constitutional limits on appropriations.
- Establishment and full funding of a Budgetary Reserve Fund to ensure against unexpected revenue losses.
- Adoption of a constitutional amendment requiring a 3/5 majority in both Houses of the General Assembly to increase existing State taxes or enact new taxes.
- Ten reductions in State personal income tax rates, reducing the top rate from 19.8 percent to 5.95 percent.
- Triple A bond rating from all three Wall Street rating agencies; Standard and Poors, Moody's and Fitch.
- Financing the State pension fund under actuarially sound accounting procedures increases the asset to liability funding ratio from 22.0 percent in 1976 to 100 percent in 1991.
- Early repayment of the State's debt to the Federal Unemployment Trust Fund, thereby eliminating the 0.6 percent Federal Unemployment Insurance Tax penalty on Delaware employers.
- Conversion to generally accepted accounting procedures by all State agencies.
- Use of fees for State banking services instead of maintaining compensating balances.

DELAWARE'S FINANCIAL OVERVIEW:

Delaware's proposed fiscal year [2008 operating budget](#) totals \$3.2 million. This budget will continue to address the goals to which Delaware is firmly committed:

- Schools that set high standards and prepare children for college, work, and life;
- A Livable Delaware that strengthens communities and preserves quality of life;
- Health, safety and self-sufficiency for every Delaware family;
- Economic development that nurtures and maintains high-quality jobs; and
- A state government that is well managed.

EXCELLENT DEBT MANAGEMENT:

Delaware's debt burden reflects the centralized role of the State government in financing capital projects that are typically funded by local governments in other states, such as schools and correctional facilities. Fiscal 2000 data from the U.S. Census Bureau ranked Delaware 5th in terms of the percentage of overall debt that is concentrated at the state level. According to the U.S. Department of Education's National Public Education Financial Survey (2000-2001), on average, the burden of school funding is split equally between state government and local schools. However, in Delaware the state government assumes a greater responsibility by bearing approximately two-thirds of combined state and local public school funding. As of June 30, 2003, 28.1% of the State's outstanding debt was issued on behalf of local school districts. This debt is fully collateralized by the property tax revenues of those districts.

Delaware has implemented a number of measures designed to manage and reduce its indebtedness, as outlined below:

- **Aggressive Retirement of General Obligation Debt:** The State voluntarily retires its General Obligation debt rapidly. Approximately 80 percent of current general obligation is scheduled to mature within 10 years.
- **Strict Debt Limitations:** In 1991, the State instituted new debt limits, one of which restricts new debt authorizations to 5 percent of budgetary General Fund revenue as projected on June 30 for the next fiscal year. Other limitations related to debt service obligations also apply.
- **Significant "Pay-As-You-Go" Financing:** When revenues have permitted, the State has appropriated surplus cash for "pay-as you-go" financing. Extraordinary revenue surpluses from fiscal year 1993 to 2001 allowed the State to appropriate cash on average at a rate of 52.6% of capital expenditures. With more modest revenue growth experienced in recent years, Delaware remains committed to pay-as-you-go financing.
- **Extraordinary Debt Reduction:** During the period of 1995-2001, the state implemented a substantial debt reduction plan as extraordinary surpluses permitted. Tighter revenues in fiscal 2002, 2003, and 2004 precluded additional debt reduction efforts, but the State remains committed to debt reduction as a polity initiative as revenues allows.
- **Numerous Bond Refundings:** The State has undertaken a series of bond refundings which have lowered the overall debt service on outstanding State general obligation debt.

The State continues to maintain [very high credit ratings](#). In March 2000, Moody's Investors Service, Standard and Poor's and Fitch raised the State's general obligation bond rating to Aaa, AAA, and AAA, respectively, the highest ratings obtainable by a government jurisdiction and the highest in the State's history. These ratings were reaffirmed for the Series 2001A general obligation issue in August 2001.

THE DELAWARE ECONOMIC DEVELOPMENT OFFICE:

The Delaware Economic Development Office was established in 1981 to lead the state's efforts in business development and tourism promotion. The office's mission is to be responsible for attracting new investors and businesses to the State, promoting the expansion of existing industry, assisting small and minority-owned businesses, promoting and developing tourism and creating new and improved employment opportunities for all citizens of the State.

Director's Office - Judy McKinney-Cherry, Director

The Director of the Delaware Economic Development Office is appointed by the Governor and is assisted by four division directors.

Market Development

The Director of Market Development leads the cluster market leaders in a pro-active sales environment. The industry clusters are as follows:

- **Automobiles Cluster**
- **Chemistry Cluster**
- **Financial Services and Insurance Cluster**
- **Life Sciences/Biotechnology Cluster**
- **Tourism Cluster**
- **Health Science Cluster**

Each cluster leader has a primary emphasis on each specific private business sector and enables formalized partnerships between competing businesses, government, educational institutions, and communities that result in sustained economic growth and innovation.

Centers of Excellence

The Director leads six Centers which are the support for the Clusters:

- **Capital Resources** - This center provides financial incentives and tools to assist businesses in creating, expanding or retaining employees and/or improve the quality of life.
- **Entrepreneurial and Small Business Support** - This center is responsible for strengthening targeted sectors within Delaware's small business community which includes high technology companies, minority and women- owned businesses, and businesses located within Delaware's Main Street communities.
- **Industry Research & Analysis** - This center performs research activities to provide information to the Director of DEDO, the Governor's Office, cluster and non-cluster constituents, and the other Centers of Excellence.
- **Infrastructure and Intergovernmental Relations** - This center is responsible for the recruitment and retention of non-cluster based businesses to support the investment of new capital into the Delaware economy.
- **Workforce Development and Optimization** - This center works continuously to develop a strong workforce in Delaware by providing training grants and technical assistance to Delaware businesses.

Marketing and Communications

The mission of Marketing and Communications is to support all the Centers and industry Clusters through advertising, marketing, and public relations. Our marketing department can also assist companies in Delaware to develop targeted marketing plans and act as a central resource for businesses. It is also responsible for public outreach and disseminating information for the Delaware Economic Development Office.

THE DELAWARE SMALL BUSINESS DEVELOPMENT CENTER (DSBDC):

The DSBDC is designed to provide quality assistance to small businesses in order to promote growth, expansion, innovation, increased productivity and management improvement. All management counseling is free and training program costs are minimal. Business professionals who have owned their own businesses staff the DSBDC. The staff also uses local business professionals to assist in counseling and training events. The services of the DSBDC are available to any existing or prospective for-profit small business.

The DSBDC provides . . .

- Basic Information
- A Sounding Board for Ideas and Projects
- Management Counseling
- Training Seminars
- Literature

The DSBDC is conveniently located at the following locations:

<p>New Castle County Center, <u>University Of Delaware</u> Small Business Development Center Government Marketing Assistance Program Family Business Center 1318 North Market Street Wilmington, DE 19801 Phone : (302) 571-1555 Fax : (302) 571-5222</p>	<p>Sussex County Center, <u>Delaware Technical & Community College</u> Small Business Development Center 103 W. Pine Street Georgetown, DE 19947 Phone : (302) 856-1555 Fax : (302) 854-6979</p>
<p>Kent County Center, <u>Delaware State University</u> Small Business Development Center 1200 N. DuPont Hwy, Suite 108 Dover, DE 19901 Phone : (302) 678-1555 Fax : (302) 857-6950</p>	<p>State Administrative Headquarters and Delaware Technology Assistance Program <u>University Of Delaware</u> Small Business Development Center Delaware Technology Park One Innovation Way, Suite 301 Newark, DE 19711 Phone : (302) 831-1555 Fax : (302) 831-1423</p>

Funding for the DSBDC is provided by the Small Business Administration, Delaware Economic Development Office, the University of Delaware, Delaware State University, Delaware Technical and Community College and other private and public sources. Please visit www.delawaresbdc.org for more information.

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